



CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

Memorandum

Date : August 15, 2005

To : Sunne Wright McPeak, Secretary
Business, Transportation and Housing Agency

From : Stanton C. Hazelroth
Executive Director

Subject: California Partnership for the San Joaquin Valley and the I-Bank

I-Bank

The mission of the I-Bank is to finance public infrastructure and private development that promote economic growth, revitalize communities and enhance quality of life for Californians. This mission complements the charge given the California Partnership for the San Joaquin Valley ("Partnership") in drafting the San Joaquin Valley Strategic Action Proposal ("Proposal").

The I-Bank is the State of California's only general purpose financing authority and has extremely broad statutory powers to issue revenue bonds, make loans and provide credit enhancements for a wide variety of infrastructure and economic development projects and other government purposes. The I-Bank's current portfolio of programs could be an appropriate financing option for implementing some of the Partnership's recommendations.

I-Bank Programs

From lending to bond issuance, the I-Bank's programs can assist in financing a wide range of infrastructure and economic development projects. While the I-Bank does not have a grant program, it does offer low cost financing programs that are less expensive than the conventional market. The reduced financing costs allow borrowers to maximize the amount of money that can be borrowed, often making a project financially feasible.

Listed below is a brief description of each I-Bank program:

Infrastructure State Revolving Fund Program. This program provides low-cost loans to local government agencies for public infrastructure projects. Loans ranging from \$250,000 to \$10 million are available to eligible applicants that meet both program and underwriting criteria. Borrowers are not required to provide matching funds.

Industrial Development Revenue Bond Program. This program provides tax-exempt revenue bond financing for eligible small to mid size manufacturing companies. Manufacturers and processors can issue up to \$10 million in bonds for projects that meet established public benefit criteria, including the creation of new jobs. Eligible applicants must meet established minimum credit rating standards.

501(c)(3) Revenue Bond Program. This program provides tax-exempt revenue bond financing for 501(c)(3) nonprofit public benefit corporations, allowing the nonprofit corporation to issue low-cost financing while preserving its endowment. Projects must provide a defined public benefit. Eligible applicants must meet established minimum credit rating standards.

Rural Investment Tax Exemption Program. This program provides a tax exemption of up to \$5 million for certain manufacturing businesses located in specified high unemployment counties. To qualify businesses must also meet specified job and equipment investment requirements. This program is scheduled to sunset December 31, 2005.

Governmental Bond Program. This program provides tax-exempt revenue bond financing for government agencies. This program traditionally has been used to issue bonds on behalf of the State or its departments.

I-Bank Board Approved Projects in the Central Valley

The I-Bank has an existing presence in the Central Valley. Since Fiscal Year 1999-2000, the I-Bank Board has approved 22 projects totaling over \$140 million in the San Joaquin Valley counties that are the subject of the Partnership's Proposal. The I-Bank has approved at least one project in six (6) of the eight (8) counties. The I-Bank Board has not been presented with financing requests from applicants within Madera or Stanislaus counties. Attachment 1 summarizes each of the I-Bank Board approved projects in the Central Valley.

I-Bank Outreach to the Central Valley

The I-Bank has concentrated outreach efforts to the Central Valley. The I-Bank is one of six state and federal agencies that belongs to the California Financing Coordinating Committee ("CFCC"). Every year, the CFCC travels throughout the state and puts on free one-day funding fairs. Each fair has the same format where agencies present their financing programs in the morning and meet potential applicants regarding projects in afternoon. The CFCC holds at least one funding fair per year in the Central Valley but in 2005, the CFCC held two (2); March 9, 2005 at the Merced County Fairgrounds and March 10, 2005 at UC Merced, Bakersfield Center.

During the past several years, the I-Bank has cooperated with state and local legislators and officials and participated in additional informational sessions. These include meeting with Central Valley government leaders and presenting its programs to guests of the Fresno Economic Development Corporation and the Fresno and Hanford Rotary Clubs.

The I-Bank is eager to assist the Partnership and would be willing to present its programs to the Partnership at any time.

ATTACHMENT 1
CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK
SUMMARY OF I-BANK BOARD APPROVED FINANCINGS IN THE CENTRAL VALLEY

NAME OF BORROWER	PROJECT	TYPE OF PROJECT	PUBLIC BENEFITS/JOB	FINANCING AMOUNT
Fresno County				
Kaiser Hospital Assistance I-LLC	Acquire, construct, and equip ten new health related facilities that will be leased to Kaiser Health Plan Asset Management, Inc.	501(c)(3) project.	Provide integrated health care to over 6.1 million Californians	\$21,892,000
Fields and Fromm Investments LLC/ Surtec, Inc. (Tax-Exempt)	Finance the acquisition of land, an existing building, and new manufacturing equipment	Industrial development project.	A manufacturer and distributor of chemical products and equipment systems used primarily in building maintenance applications	\$2,200,000
Fields and Fromm Investments LLC/ Surtec, Inc. (Taxable)	Finance the acquisition of land, an existing building, and new manufacturing equipment	Industrial development project.	A manufacturer and distributor of chemical products and equipment systems used primarily in building maintenance applications	\$1,800,000
International Raisins, Inc. (Taxable)	Purchase land, existing facility, and equipment, construct new facility	Industrial development project.	Processor of a variety of dehydrated and coated raisins	\$1,000,000
International Raisins, Inc. (Tax-Exempt)	Purchase land, existing facility, and equipment, construct new facility	Industrial development project.	Processor of a variety of dehydrated and coated raisins	\$3,750,000
Morningstar Enterprises, LLC/Pleasant Mattress, Inc./Morgenstern Family Trust California (Taxable)	Purchase land and equipment, construct manufacturing facility	Industrial development project.	Mattress manufacturer	\$430,000
Morningstar Enterprises, LLC/Pleasant Mattress, Inc./Morgenstern Family Trust California (Tax-Exempt)	Purchase land and equipment, construct manufacturing facility	Industrial development project.	Mattress manufacturer	\$1,610,000

NAME OF BORROWER	PROJECT	TYPE OF PROJECT	PUBLIC BENEFITS/JOB	FINANCING AMOUNT
City of Clovis	Central Valley Research and Technology Business Park	ISRF project. City Street, Drainage, Water Supply, and Flood Control, Power and Communications Facility, Sewage Collection and Treatment, & Water Treatment and Distribution	Expand economic development opportunities in the research and technology business park and the Clovis area, and create 1,020 new jobs.	\$720,000
City of Fresno Redevelopment Agency/City of Fresno	Roeding Infrastructure Improvements - Phase III	ISRF project. City Street and Drainage, Water Supply, and Flood Control	Promote economic development, eliminate blight and enable infill development, increase public safety and create 1,292 new jobs.	\$4,559,100
City of Kingsburg	Water System Improvement Project	ISRF project. Drainage, Water Supply, and Flood Control and Water Treatment and Distribution	Improve public health and safety by ensuring an adequate supply of water for domestic consumption at a pressure level that meets both normal, peak and fire flow needs, and ample storage for fire protection purposes. The project will also enable commercial/industrial development along the Golden State Corridor area.	\$4,500,000
Fresno Metropolitan Flood Control District	Storm Drainage System, Central Fresno Revitalization	ISRF project. Drainage, Water Supply, and Flood Control	Promote revitalization and economic development in the Roeding Business Park, Tower District, Foundry Park, and South Van Ness Industrial areas, and create 3,844 new jobs.	\$20,000,000
Kingsburg Redevelopment Agency	Kingsburg Police Station	ISRF project. Public Safety Facility	Revitalize and establish a strong public safety presence in the downtown business district.	\$1,287,100
Southwest Transportation Agency	Advanced Transportation Technology Center	ISRF project. Public Transit	Provide safe and efficient school transportation, and improve air quality via natural gas fueling facilities.	\$4,685,500

NAME OF BORROWER	PROJECT	TYPE OF PROJECT	PUBLIC BENEFITS/JOB	FINANCING AMOUNT
Kern County				
Bear Valley Community Services District	Water System Improvement Project	ISRF project. Water Treatment and Distribution	Enhance system efficiency and reduce water loss while enabling infill development.	\$4,538,600
Bear Valley Community Services District	Wastewater System Improvement Project	ISRF project. Sewage Collection and Treatment	Promote environmental protection, enhance community quality of life and enable infill development.	\$510,000
City of Tehachapi	Goodrick Drive Reconstruction and Sewer and Water Line Extension	ISRF project. City Street, Sewage Collection and Treatment, and Water Treatment and Distribution	Facilitate the expansion of three businesses and create 75 new jobs.	\$1,105,300
Kings County				
City of Hanford	Wastewater Treatment Plant Upgrade and Expansion Project	ISRF project. Sewage Collection and Treatment	Promote environmental protection and enhance community quality of life and long term economic competitiveness.	\$10,000,000
Merced County				
City of Merced	University of California Sewer-Water Project	ISRF project. Sewage Collection and Treatment; Water Treatment and Distribution	Assist the development of the Phase I, UC Merced Campus, create 951 new jobs and expand the economic competitiveness of the region.	\$9,000,000
San Joaquin County				
DLSH Properties, Inc./Fairmont Sign Company (Taxable)	Purchase land and production equipment, construct building	Industrial development project.	Commercial sign manufacturer	\$3,435,000
DLSH Properties, Inc./Fairmont Sign Company (Tax-Exempt)	Purchase land and production equipment, construct building	Industrial development project.	Commercial sign manufacturer	\$4,250,000
Hackett Family LLC/West Star Industries (Taxable)	Purchase land, construct facility and purchase equipment	Industrial development project.	Manufactures stainless steel equipment for the food service industry	\$520,000
Hackett Family LLC/West Star Industries (Tax-Exempt)	Purchase land, construct facility and purchase equipment	Industrial development project.	Manufactures stainless steel equipment for the food service industry	\$1,980,000

NAME OF BORROWER	PROJECT	TYPE OF PROJECT	PUBLIC BENEFITS/JOB	FINANCING AMOUNT
Kruger and Sons, Inc.	Finance the acquisition of land, construct new building, and purchase new equipment	Industrial development project.	Produces pickles and related pickled vegetable products	\$5,500,000
The Reed Leasing Group LLC/ 7/11 Materials, Inc.	Purchase land, construct facility and purchase equipment	Industrial development project.	Manufactures a variety of ready mix concrete products	\$5,000,000
Stockton Port District	Rough & Ready Island/West Complex Infrastructure Project	ISRF project. Port Facility and Defense Conversion	Facilitate the development of Rough and Ready Island for maritime and commercial uses and create 296 jobs.	\$10,000,000
Stockton Port District	Rough & Ready Island/West Complex Infrastructure Project	Government Bond Program project. Port Infrastructure at the former U.S. Navy facilities located at Rough and Ready Island	Foster the diversified economic growth of the Stockton Metropolitan Area and the San Joaquin Valley	\$10,000,000
Tulare County				
City of Porterville	The Wastewater Treatment Facility Upgrade and Sludge Disposal Project	ISRF project. Sewage Collection and Treatment	The project will provide a safe and reliable wastewater system significantly contributing to long-term public health benefits. The project will enable the City to come into compliance with its Waste Discharge Requirements, remove a Cease and Desist Order issued by the RWQCB, and meet current and future system waste discharge requirements due to housing and business expansion demands.	5,356,000
Tulare County Redevelopment Agency	Betty Dr./Ave. 312 Realignment and Improvement Project	ISRF project. City Street; County Highway	Promote economic development, improve regional transportation and create 132 jobs.	\$1,913,400
			TOTAL	\$141,542,000